

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-58342; File No. SR-NSX-2008-14)

August 11, 2008

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the NSX BLADE<sup>SM</sup> Fee Schedule to Reduce Routing Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 8, 2008, the National Stock Exchange, Inc. (the "Exchange" or the "NSX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the Exchange. The NSX filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend the NSX BLADE<sup>SM</sup> Fee and Rebate Schedule (the "Fee Schedule") issued pursuant to Exchange Rule 16.1(c) in order to modify the fees associated with routing transactions to away market centers.

The text of the proposed rule change is available on the Exchange's website at <http://www.nsx.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

With this rule change, the Exchange is proposing to modify certain fees with respect to outbound routing. Specifically, with respect to securities traded at one dollar or more, the instant filing proposes reducing the per share executed routing fee across all tapes from \$0.0040 to \$0.0029. With respect to securities traded at less than one dollar, the instant filing proposes reducing the per share executed routing fee across all tapes from \$0.0040 to 0.3 percent (0.3%) of the trade value. As with the fees and rebates currently applicable to trades of securities under one dollar, “trade value” means a dollar amount equal to the price per share multiplied by the number of shares executed.

In addition, the Exchange is proposing in the instant rule filing to eliminate the reference to the term “NSX BLADE<sup>SM</sup>” in the Fee Schedule.

Rationale

The Exchange has determined that this change is necessary for competitive reasons. Under the current Fee Schedule, the charge for routed executions at the Exchange is \$0.0040 per share, which is higher than the routing fee currently charged by other exchanges and ECN alternatives. Consequently, many ETP Holders do not send orders to the Exchange that are

“routable” in order to avoid the current NSX routing charge. The instant proposal seeks to offer competitive routing fees in order to attract more routable orders. The Exchange is able to reduce this routing fee as a result of the activation of NSX Securities, LLC as the Exchange’s outbound router. In addition, the proposed rule change is intended to increase the amount of order flow on the Exchange, regardless of whether a given trade in fact executes at an away exchange or other market center.

NSX notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be more attractive. Accordingly, the proposed modification attempts to keep the fees reflected in the Fee Schedule competitive with fees charged by other venues and to continue to be reasonable and equitably allocated to those ETP Holders that opt to route orders. Based upon the information above, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest.

In addition, the Exchange proposes to delete the term “NSX BLADE<sup>SM</sup>” in the Fee Schedule in order to eliminate potential confusion. NSX currently has only one trading platform and therefore does not need to distinguish between NSX BLADE and any other platform. For purposes of clarity, the instant rule filing therefore proposes to delete reference to “NSX BLADE<sup>SM</sup>” and to rename the fee schedule referenced in Rule 16.1(c) as simply the “Fee and Rebate Schedule.”

#### Operative Date and Notice

The Exchange intends to make the proposed fee structure for routed trades operative on August 8, 2008. Pursuant to Exchange Rule 16.1(c), the Exchange will “provide ETP Holders with notice of all relevant dues, fees, assessments and charges of the Exchange” through the

issuance of a Regulatory Circular of the changes to the Fee Schedule and will provide a copy of the rule filing on the Exchange's website ([www.nsx.com](http://www.nsx.com)).

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b) of the Act,<sup>5</sup> in general, and Section 6(b)(4) of the Act,<sup>6</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using the facilities of the Exchange. Moreover, the proposed routing fees are not discriminatory in that all ETP Holders are eligible to submit (or not submit) trades for routing and may do so at their discretion.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>8</sup> because, as provided in (f)(2), it “changes a due, fee or other charge imposed by the Exchange applicable only to a member” (known on the Exchange as an ETP Holder). At any time within sixty (60) days of the filing of

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<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 19b-4(f)(2).

such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NSX-2008-14 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NSX-2008-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street,

NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available. All submissions should refer to File Number SR-NSX-2008-14 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Florence E. Harmon  
Acting Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).